

Message Text

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ACTION IO-13

INFO OCT-01 EUR-12 ISO-00 AF-08 ARA-06 EA-07 NEA-10 AID-05

CIAE-00 COME-00 EB-07 FRB-03 INR-07 NSAE-00 USIA-06

TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01

OMB-01 DODE-00 PA-01 PRS-01 L-03 /104 W

-----141715Z 044716 /43

R 141544Z JAN 77

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC 505

INFO USMISSION USUN NEW YORK

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: UNIDO, EIND

SUBJECT: UNIDO STUDY ON INTERNATIONAL INDUSTRIAL COOPERATION

REF: (A) 76 VIENNA 8519, (B) 76 USUN 6148

1. WE CALLED ON CARRE (CHIEF OF GLOBAL AND CONCEPTUAL STUDIES SECTION) TO OBTAIN READING ON UNIDO THINKING RE FOLLOW-UP OF THIS PROJECT IN LIGHT OF GA ACTION ON THIS MATTER (REF B).

2. CARRE TOLD US THAT A DRAFT PROGRAM OF WORK LAYING OUT VARIOUS ACTIVITIES TO BE UNDERTAKEN BY UNIDO, IN CONJUNCTION AS APPROPRIATE WITH OTHER UN AGENCIES, HAD JUST BEEN SUBMITTED TO KHANE FOR APPROVAL. HE PROMISED TO MAKE A COPY AVAILABLE TO US WHEN KHANE HAD CLEARED IT.

3. ON THE SUBSTANTIVE SIDE, CARRE SAID THAT IT WAS ENVISAGED UNIDO WOULD BEGIN WITH STUDIES AND ANALYSIS (A) ON THE QUESTION OF INCENTIVES, ASSURANCES

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AND GUARANTEES REQUIRED ON THE ONE HAND BY THE BUSINESS AND FINANCIAL COMMUNITY IN THE DEVELOPED COUNTRIES AND ON THE OTHER HAND BY THE DEVELOPING COUNTRIES IF SUFFICIENT CONFIDENCE IS TO EXIST ON BOTH SIDES TO PROVIDE A BASIS FOR AN INCREASED FLOW OF INVESTMENT AND OTHER FORMS OF INDUSTRIAL COOPERATION OUTSIDE OFFICIAL DEVELOPMENT ASSISTANCE, (B) ON THE NATURE OF AND EXPERIENCE

WITH BILATERAL "FRAME AGREEMENT" RELATING TO INDUSTRIAL COOPERATION, INCLUDING THE QUESTION OF ARBITRATION AGREEMENTS DESIGNED TO MEET THE REQUIREMENTS OF PARTIES IN BOTH DEVELOPED AND DEVELOPING COUNTRIES.

4. UNIDO INTENDED TO WORK CLOSELY WITH OTHER UN AGENCIES, E.G. CENTER FOR TRANSNATIONAL CORPORATIONS, UNCTAD, UNDP, ECE, WORLD BANK GROUP AND NON-UN ORGANIZATIONS SUCH AS OECD. IT WOULD BE RELAYING ON INDIVIDUAL CONSULTANTS TO SOME EXTENT, ALTHOUGH MONEY FOR THIS PURPOSE WAS LIMITED. VARIOUS GOVERNMENTS WOULD BE APPROACHED FOR MATERIAL ON BILATERAL INDUSTRIAL COOPERATION AGREEMENTS - INCLUDING NOT ONLY SUCH AGREEMENTS BETWEEN DEVELOPED AND DEVELOPING COUNTRIES BUT ALSO EAST-WEST AGREEMENTS FOR THIS KIND.

5. CARRE HOPED THAT UNIDO COULD HAVE THE BENEFIT OF US GOVERNMENT AND BUSINESS COMMUNITY VIEWS ON SUCH QUESTIONS AS INCENTIVES, ASSURANCES AND GUARANTEES AND ARBITRATION PROCEDURES. CARRE WAS SPECIFICALLY INTERESTED IN THE POSSIBILITIES OF RECEIVING FACTUAL INFORMATION ON VARIOUS BILATERAL COOPERATION ARRANGEMENTS RELATING TO INDUSTRIAL DEVELOPMENT TO WHICH THE US IS A PARTY - HE MENTIONED AS AN EXAMPLE THE BILATERAL ARRANGEMENTS WITH SAUDI ARABIA. WE SAID THAT WE WOULD BE IN TOUCH WITH HIM FURTHER ON THIS AFTER WE HAD AN OPPORTUNITY TO SEE THE WORK PROGRAM AS APPROVED BY THE EXECUTIVE DIRECTOR.

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6. OTHER STEPS FORESEEN BY CARRE AT THIS TIME INCLUDE (A) A CIRCULAR LETTER TO THE INDIVIDUALS WHO PARTICIPATED IN THE MEETING OF EMINENT PERSONS IN SEPTEMBER 1976 TO INFORM THEM OF HOW UNIDO WAS PROCEEDING WITH THE STUDY, (B) A SEMINAR TO BE HELD IN SOFIA IN SEPTEMBER 1977 ON THE INVITATION OF THE BULGARIAN GOVERNMENT TO DISCUSS EXPERIENCE IN THE FIELD OF INDUSTRIAL COOPERATION BETWEEN DEVELOPING COUNTRIES AND CENTRALLY PLANNED ECONOMIES, (C) THE CONVENING DURING 1978 OF INTERGOVERNMENTAL WORKING PARTIES TO EXAMINE THE RESULTS OF UNIDO WORK ON VARIOUS ASPECTS OF THE STUDY BY THAT TIME, (D) THE

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SUBMISSION TO UNIDO-III OF THE CONCLUSIONS AND
RECOMMENDATIONS EMERGING FROM UNIDO'S STUDIES
AND ANALYSES.

7. COMMENT: WE ARE CONCERNED THAT THIS PROJECT
WILL RESULT IN UNIDO INVOLVEMENT IN AND EXPENDITURE
OF RESOURCES ON ACTIVITIES THAT WILL FURTHER DIFFUSE
ITS WORK PROGRAM AND CUT ACROSS THE COMPETENCE AND
ACTIVITIES OF OTHER PARTS OF THE UN SYSTEM. THE
SUBJECT OF INDUCEMENTS, ASSURANCES AND GUARANTEES
TO THE BUSINESS AND FINANCIAL COMMUNITY OF INDUSTRIALIZED
COUNTRIES SUCH AS THE US WOULD SEEM TO BE A MATTER MORE
PROPERLY THE CONCERN OF OTHER ELEMENTS OF THE UN SYSTEM.
IT IS AN ASPECT OF THE PROBLEM OF ASSISTING THE ECONOMIC
DEVELOPMENT OF DEVELOPING COUNTRIES TO WHICH
ECOSOC HAS DEVOTED A GREAT DEAL OF ATTENTION.
ALTHOUGH WE HAVE ONLY SCANTY INFORMATION CONCERNING THE
POSSIBLE CONTENT OF THE PROGRAM OF WORK OF THE TNC CENTER,
OUR IMPRESSION IS THAT IT MAY WELL BE CONCERNED WITH
ASPECTS OF THIS QUESTION AS REGARDS TNC OPERATIONS IN
THE LDCE. A LARGE BODY OF STUDY, ANALYSES AND RECOMMENDATIONS
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ON THIS PROBLEM MUST ALREADY EXIST AND IT IS NOT CLEAR
THAT UNIDO WORK IN THIS FIELD CAN SIGNIFICANTLY
CONTRIBUTE TO INTERNATIONAL KNOWLEDGE OF THE SUBJECT,
ALTHOUGH IT MIGHT POSSIBLY GENERATE SOME NEW IDEAS.
MUCH OF THE ABOVE COMMENT IS PROBABLY ALSO
APPLICABLE TO THE FIELD OF ARBITRATION PROCEDURES.

8. SINCE THE STUDY ON INDUSTRIAL COOPERATION, DEFINED IN SOMEWHAT FUZZY FASHION, WAS CALLED FOR BY THE SEVENTH SPECIAL GA, THERE HAS BEEN NO SYSTEMATIC INTERGOVERNMENTAL CONSIDERATION OF WHAT THE STUDY SHOULD ADDRESS NOR OF SPECIFICALLY WHAT OBSTACLES TO INDUSTRIAL DEVELOPMENT IT MIGHT HELP OVERCOME. SO FAR AS WE CAN JUDGE FROM THE REPORTS CONCERNING ACTION ON THIS ITEM AT THE 31ST GA, THE SECOND COMMITTEE HAD NO TIME REALLY TO DEVOTE TO IT. GIVEN THE OVERLOAD OF THE AGENDA OF IDB-XI WHICH WILL RESULT FROM THE NEED TO SCRUB PC-IX THIS SPRING IN ORDER TO ACCOMMODATE IGC-V, IT WILL MOST LIKELY BE IMPOSSIBLE FOR THE BOARD TO SUBJECT THIS EXERCISE TO ANY REAL SCRUTINY. THIS IN OUR VIEW IS UNFORUTATE SINCE THE PROJECT MAY WELL TURN OUT TO BE A COSTLY ONE. IT MIGHT, THEREFORE, BE DESIRABLE TO ENSURE ITS REVIEW BY PC-IX WHEN IT MEETS LATER IN 1977. ALTERNATIVELY, GIVEN THE PROSPECTIVELY BROAD SCOPE OF THE STUDY THE PROJECT MIGHT BE GIVEN SPECIAL ATTENTION AT THE SUMMER SESSION OF ECOSOC WHEN THE REPORT OF THE IDB IS EXAMINED.

9. MEANWHILE, MISSION WOULD APPRECIATE ANY COMMENTS ON INITIAL ORIENTATION OF STUDY THAT DEPT WOULD WISH CONVEYED TO CARRE. SHOULD THE AREAS OF INITIAL STUDY SELECTED BY CARRE BE REGARDED AS USEFUL, MISSION WOULD LIKE TO BE ABLE TO INDICATE TO CARRE EXTENT TO WHICH US MIGHT RESPOND TO HIS REQUEST FOR GOVERNMENT AND BUSINESS VIEWS LIMITED OFFICIAL USE

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AND INFORMATION ON BILATERAL COOPERATION ARRANGEMENTS TO WHICH US IS A PARTY.STIBRAVY

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Message Attributes

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